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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

6-13-74

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RELEASED

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JUN 13 1974

The Honorable Lloyd M. Bentsen  
Chairman, Subcommittee on Transportation  
Committee on Public Works  
United States Senate

Dear Mr. Chairman:

As you requested on April 23, 1974, and as your office subsequently agreed, we obtained information on (1) the progress of the Federal Highway Administration (FHWA) in establishing procedures for States to use in requesting financing of mass transportation projects under sections 121 and 137(b)(4) of the Federal-Aid Highway Act of 1973, (2) the number of financing requests FHWA had received and approved at May 31, 1974, and (3) the plans of selected States to request financing of mass transportation projects. We also obtained State comments on using sections 121 and 137(b)(4) for financing mass transportation projects.

Section 121 provides that a State, at the request of local officials of an urbanized area, may use part of its Federal-aid highway authorization for mass transportation subject to the approval of the Secretary of Transportation. Section 121 also provides that general funds in the Treasury be used to finance such mass transportation projects during fiscal years 1974 and 1975. In fiscal year 1975 up to \$200 million of the Highway Trust Fund also may be used to purchase buses. In fiscal year 1976 all mass transportation projects approved in lieu of urban highway projects will be funded from the Highway Trust Fund. The Federal share of a section 121 project is 70 percent.

Section 137(b)(4) allows States, subject to the approval of the Secretary of Transportation, to substitute in urbanized areas nonhighway mass transportation projects designated by local officials in place of unconstructed segments of the Interstate Highway System, after the Secretary has withdrawn his approval for the construction of any such segment. These projects will be financed from general funds in the Treasury up to the Federal share of the estimated cost of the withdrawn segments. The Federal share of a section 137(b)(4) project is 80 percent.

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PROGRESS IN ESTABLISHING PROCEDURES

Although FHWA and the Urban Mass Transportation Administration (UMTA) furnished interim instructions for implementing sections 121 and 137(b)(4) in November 1973 to FHWA and UMTA field offices and to States and their urbanized areas, final guidelines for developing and processing requests for mass transportation assistance had not been issued as of May 31, 1974. Proposed regulations implementing section 137(b)(4) were published in the Federal Register on March 11, 1974. FHWA is considering the public comments received on the proposed regulations and expects to issue final regulations late in June 1974. Proposed regulations for implementing section 121 are to be published in the Federal Register for public comment in June 1974.

STATUS OF REQUESTS FOR FINANCING

At May 31, 1974, FHWA had approved requests totaling \$34.4 million in Federal funds from Illinois and New York for financing under section 121. It also was considering requests from Illinois for \$1.9 million and from Rhode Island for \$101,500 for section 121 financing and requests from Maryland for \$44.2 million, from Massachusetts for \$666.3 million, and from Pennsylvania for \$156.2 million for section 137(b)(4) financing. (See enclosure I.)

PLANS OF SELECTED STATES FOR REQUESTING  
FINANCING OF MASS TRANSPORTATION

In May 1974 we obtained information from 10 States regarding their plans for requesting financing of mass transportation projects. We selected these States on the basis of geographic location, amount of Federal-aid highway authorizations, and number of unconstructed Interstate Highway segments. Maryland, New York, Pennsylvania, and Rhode Island had requested funds from FHWA and did not plan to request additional financing; California, Connecticut, Michigan, and Washington were planning to request financing; and New Jersey and Ohio were not planning to request financing. (See enclosure II.)

STATE COMMENTS ON SECTIONS 121 AND 137(b)(4)

Officials of the 10 State transportation agencies commented as follows on using sections 121 and 137(b)(4) for financing mass transportation projects.

--All of the 10 States favored the flexibility provided by these sections which permit Federal funds to be used consistent with their transportation needs whether they were mass transportation or urban highways.

--Nine of the 10 States believed that insufficient time had elapsed since enactment on August 13, 1973, of sections 121 and 137(b)(4) to modify and develop urban transportation plans and prepare and submit requests for financing of mass transportation projects. Although the interim FHWA-UMTA guidelines encouraged States to submit requests based on preliminary planning, six of the 10 States believed that, for the best use of Federal and State resources, local governments should establish their transportation needs and develop comprehensive transportation plans before submitting requests for financing individual mass transportation projects.

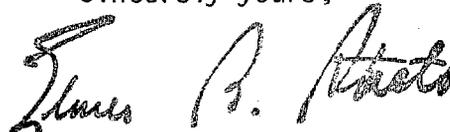
--Nine of the 10 States said that delays by local governments and States in preparing and submitting requests were caused by FHWA's and UMTA's failure to issue final guidelines. All of the 10 States said that FHWA needed to clarify and interpret the fund distribution formulas, definitions of urbanized areas, or new terminology in sections 121 and 137(b)(4).

--Eight of the 10 States said that they had good communication with FHWA field representatives but had limited contact with UMTA field representatives. Four States said that UMTA would be able to give local planning groups more help if they had more representatives in the field.

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As your office requested, we did not obtain comments of the Department of Transportation. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General  
of the United States

Enclosures - 2

REQUESTS FOR FINANCING MASS TRANSPORTATION PROJECTS  
RECEIVED BY THE FEDERAL HIGHWAY ADMINISTRATION  
AS OF MAY 31, 1974

<u>City and State</u>	<u>Area or interstate segment</u>	<u>Date submitted</u>	<u>Date approved</u>	<u>Project</u>	<u>Estimated Federal costs</u>
<u>Urban Highway Substitutions</u>					
<u>Section 121</u>					
Illinois					
East St. Louis	Metropolitan area	4-15-74	5- 3-74	Purchase 40 buses and 5 service vehicles	\$ 1,400,000
Chicago	Metropolitan area	5-22-74	--	Purchase 24 high-capacity buses	1,874,000
New York					
New York	Metropolitan area	4- 8-74	4-26-74	Purchase 400 buses, replace 92 transit fare booths, replace contact rails on transit systems, and upgrade subway facilities	33,000,000
Rhode Island					
Providence	Metropolitan area	5-28-74	--	Purchase minibuses for elderly and computer routing system for schoolbuses	101,500
<u>Interstate Segment Substitutions</u>					
<u>Section 137(b)(4)</u>					
Maryland					
Baltimore	I-95 and I-70S	5-31-74	--	Construction of fixed rail transit extensions	44,192,000
Massachusetts					
Boston	I-95 and I-695	11- 7-73	--	Not yet identified by State	666,300,000
Pennsylvania					
Philadelphia	I-695	5- 8-74	--	Modernization of commuter and fixed rail operating facilities	156,240,000

REQUESTS FOR FINANCING MASS TRANSPORTATION PROJECTS  
THAT CALIFORNIA, CONNECTICUT, MICHIGAN, AND WASHINGTON PLANNED  
TO SUBMIT TO THE FEDERAL HIGHWAY ADMINISTRATION  
AS OF MAY 31, 1974

<u>City and State</u>	<u>Anticipated submission date</u>	<u>Project</u>	<u>Estimated Federal cost</u>
<u>Urban Highway Substitutions</u> <u>Section 121</u>			
California			
San Bernadino	FY 1974	Purchase 20 buses	\$ 350,000
Corona	FY 1974	Purchase 4 buses	105,000
			<u>455,000</u>
Michigan			
Detroit	FY 1974	Purchase 90 buses	3,150,000
Detroit	FY 1975	Construct express-bus lanes	140,000
Detroit	FY 1975	Construct park-and-ride lots	2,100,000
			<u>5,390,000</u>
Washington			
Seattle	FY 1975	Construct fringe-parking lots along interstate segments	7,700,000
<u>Interstate Segment Substitutions</u> <u>Section 137(b)(4)</u>			
Connecticut			
Hartford	FY 1975	Various mass transit projects	155,000,000